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FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC IMMEDIATE 7188
INFO RUCNIRA/IRAN COLLECTIVE PRIORITY
RUCNRAQ/IRAQ COLLECTIVE PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 KUWAIT 004119

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TREASURY FOR DEPSEC KIMMITT

E.O. 12958: DECL: 10/08/2011
TAGS: [EAID](#) [ECON](#) [EFIN](#) [IZ](#) [KU](#) [PREL](#)
SUBJECT: ARAB FUND ON IRAQ COMPACT AND AID TO LEBANON

REF: A. KUWAIT 2954

[1](#)B. KUWAIT 4023
[1](#)C. BAGHDAD 3758

Classified By: CDA Matt Tueller for Reasons 1.4 (b) and (d)

[1](#)1. (C) Summary: Arab Fund Director General Abdul Latif Al-Hamad told Charge October 16 that the Iraq Compact enjoys "very little support" among Arab countries. He said a combination of "fogginess" over who is driving the compact, anxiety about the brisk pace at which it is moving, and a general perception that the Compact is a political device are spawning skepticism in the region. He said the Arab Fund remained committed to the Compact and to participating in upcoming events, but he criticized the UN for slowness in issuing invitations to meetings and in circulating critical documents. Charge said the Compact was a serious effort to promote reform in Iraq, and the Compact needed continued strong support of the Fund and other international players to succeed. Charge expressed appreciation for Arab Fund support for Lebanon and briefed Al-Hamad on U.S. plans to partner with Kuwaiti institutions to host a regional conference on women in science and technology in January 2007. End Summary.

Iraq Compact

[1](#)2. (C) Charge called on Arab Fund Director General Abdul Latif Al-Hamad October 16 to review progress and next steps on the Iraq Compact and to express appreciation for the Fund's generous and rapid reconstruction assistance to Lebanon. Charge referred to Al-Hamad's meeting with Treasury Deputy Secretary Kimmitt and Counselor Zelikow in July (Ref A) and noted that the Compact (ICI) was largely on track with the original timeline. Al-Hamad said he had attended the ICI meeting in Singapore in September, and a colleague from the Fund had attended the September 10 meeting in Abu Dhabi. He and his colleague had discussed the ICI with Iraqi officials on the margins of these events, and the Fund was pleased to be working with the U.S. and international community on this initiative.

[1](#)3. (C) Al-Hamad regretted, however, receiving an invitation to the October 9 meeting in Baghdad only one day before the event, "as though all we have to do is jump in a car and drive across town" (note: the MFA's point person on the ICI, Ambassador Khalid Maqamis, made a similar complaint in a recent meeting with Econcouns, Ref B). Drawing from Reftel C, Charge provided Al-Hamad with a read-out of the October 9 meeting in Baghdad, noting that the Iraqi zero draft was well-received. Charge urged Al-Hamad to attend the October

19 meeting, but Al-Hamad said this was the first he had heard of it, and at this late date he would not be able to attend. Charge undertook to send Al-Hamad a copy of the latest text for his review and comment.

14. (C) Charge noted that the GOK had agreed to host a preparatory group meeting on October 31. Al-Hamad said the Fund would definitely participate, though he himself would be out of the country on that date. He would appoint additional staff to work on the Iraq Compact. He quipped that he did not have much more faith in the Kuwaiti MFA than in the UN to communicate effectively. Charge said the U.S. counted on Arab Fund participation for the experience and capability it brought to the table.

15. (C) Saying he was speaking very frankly, and voicing opinions he was picking up, Al-Hamad said there were three drawbacks to the ICI as viewed by the Arab world. First, it was not clear who was driving the Compact; was it the UN or Iraq, not to mention the U.S? Second, there was considerable anxiety in the region that the Compact was moving too quickly, that the pace was "not right." Pushing things too quickly could be detrimental to the overall objectives, he cautioned. He cited another project the Fund is working on in Yemen that has been in train for over a year, which was just now reaching conclusion. Third, the Compact is essentially perceived as a political tool to shore up the Iraqi government. Charge agreed that the Compact signaled implicit support for the Iraq government, but that was very much in the interests of the international community, including the Arab Fund. Moreover, the U.S. was impressed by Deputy PM Barham Salih's efforts to explain and rally support for the ICI. Al-Hamad said he also was impressed by Salih, and by what the Iraqis were trying to do. If this were not the case, the Arab Fund would not be involved with the

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Compact since Iraq is not a member of the Arab Fund due to its high arrears. Re-enlisting Iraq into the Fund was a subject of discussion with the GOI.

Aid to Lebanon

16. (C) Charge expressed U.S. appreciation for the Fund's prompt and substantial assistance to Lebanon. Al-Hamad said it was imperative to move quickly on Lebanon to prevent the Iranians from taking advantage of the situation, which they themselves were partly responsible for. Al-Hamad said he had visited Beirut in September to facilitate a loan of USD 100 million and a grant of USD 10 million to the GOL, all of which he had worked over the phone with board members of the Arab Fund to ensure prompt action. He said he was traveling back to Beirut that evening and would join with Arab League finance ministers to deliver a message to the Siniora government that it, not Hizballah, was the leadership the Arab world wished to support in Lebanon. The playing field could not be left to Iran, he said.

Conference on Women in Science and Technology

17. (U) Charge briefed Al-Hamad on preparations for the U.S.-sponsored regional conference on women in science, technology, and engineering to be held in Kuwait on January 8-10, 2007. Charge said the event was shaping up nicely, with strong participation from American experts. Al-Hamad expressed interest in the event and said he would contact the Kuwaiti hosts to see what the Fund could do to assist.
Tueller